

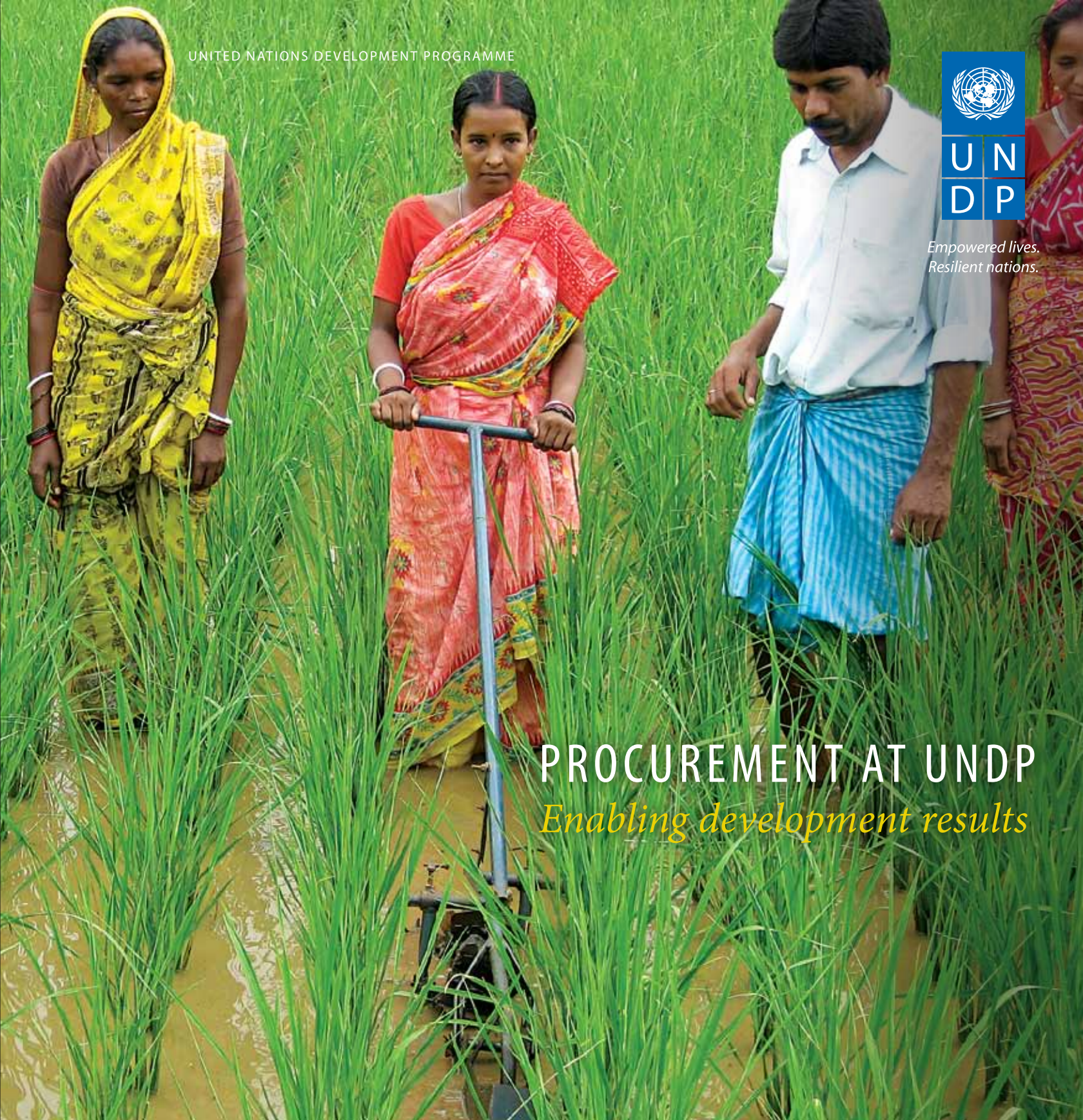
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UNITED NATIONS DEVELOPMENT PROGRAMME



*Empowered lives.
Resilient nations.*



*Empowered lives.
Resilient nations.*

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PROCUREMENT AT UNDP

Enabling development results



With UNDP support, local groups in Madagascar have taken advantage of new business opportunities, including brick-making for construction workers.

EFFICIENT PROCUREMENT SECURES THE GOODS AND SERVICES NEEDED TO REALIZE UNDP'S VISION OF EMPOWERING LIVES AND BUILDING RESILIENT NATIONS.

PROCUREMENT AT UNDP

The United Nations Development Programme (UNDP) is one of the largest procurers in the United Nations (UN) system, spending almost

US\$3 billion

annually on over 3,500 different categories of goods and services.

This represents

47% of total UNDP annual expenditure

of \$5.57 billion.

Driven by the growth of programme areas, procurement has become increasingly central to the achievement of development results, having grown in volume by

240% over the past 8 years.

TOTAL PROCUREMENT AS OF 31 DECEMBER 2011

Goods: **US\$652 million**

Services: **\$2.04 billion**

TOTAL: **\$2.692 billion**

The primary role of the Procurement Support Office (PSO) is to support Country Offices in strengthening and improving their procurement function. PSO sits within the Bureau of Management (BoM), which provides advisory and transactional services to strengthen the ability of UNDP to achieve programme and development results. PSO offers the necessary direction and support to Country Offices through project missions, direct procurement for complex and urgent purchasing, advisory assistance, effective policies and training to allow UNDP to buy the best value for money goods and services.

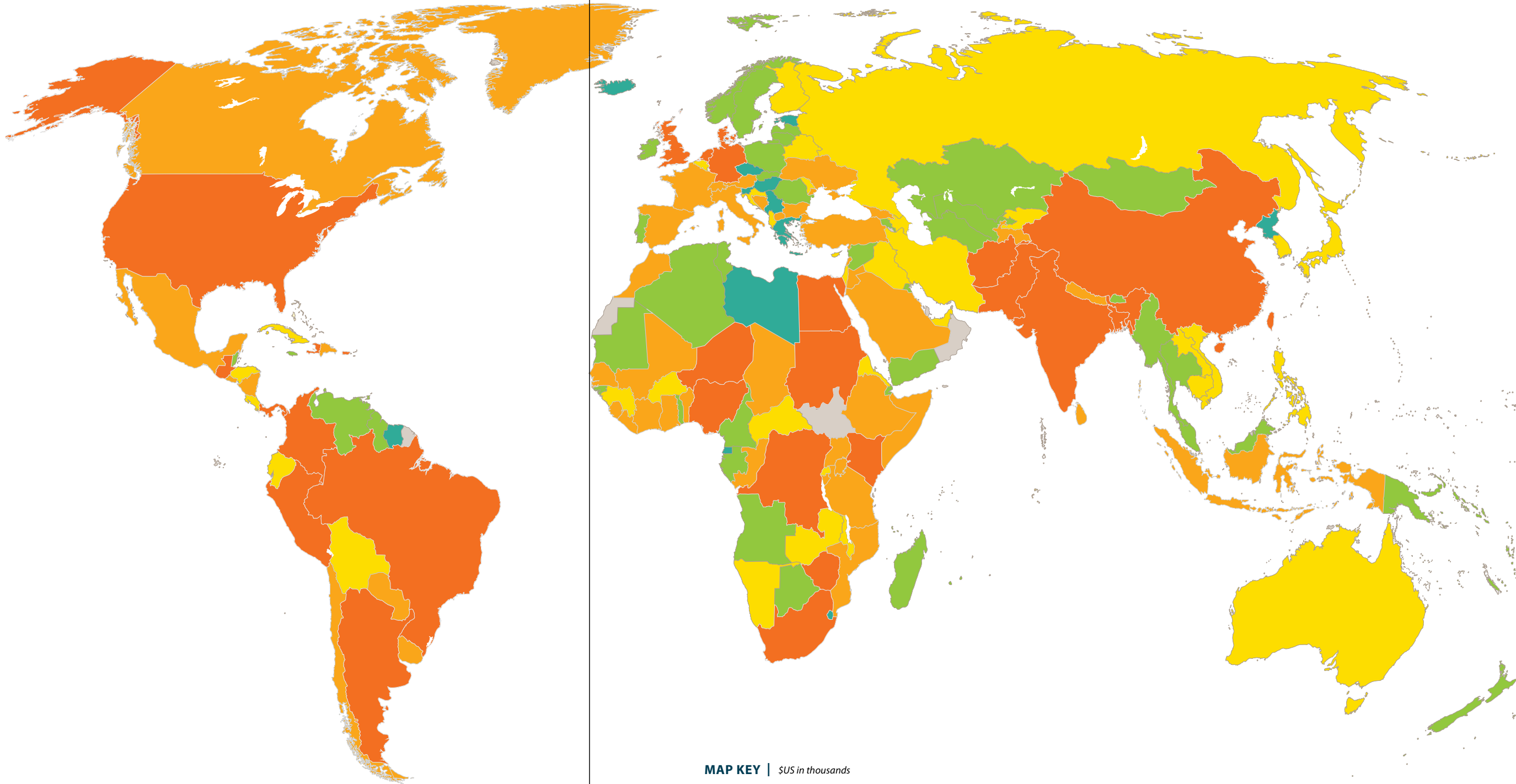
WHERE WE BUY

UNDP supports local and emerging businesses. In 2011, over

78% of purchases

(valued at \$2.11 billion) were from suppliers in developing economies.

Countries and Territories Where UNDP Procures Goods and Services



MAP KEY | *US\$ in thousands*

>\$100,000 >\$25,000 >\$10,000 >\$5,000 >\$1,000

CRISIS PREVENTION AND RECOVERY

Based in Copenhagen, Denmark, the Global Procurement Unit (GPU) in PSO provides direct procurement support to Country Offices for complex and urgent procurement. In partnership with the Bureau for Crisis Prevention and Recovery (BCPR), GPU has offered support to over 30 Country Offices since 2009.

Through relief-to-rehabilitation/reconstruction phases, GPU's support includes:

- Procurement and delivery of goods and equipment in situations of crisis and emergency;
- On-site procurement field support to Country Offices and projects;
- Advisory services on the implementation of Fast Track procedures; and
- System development to strengthen procurement preparedness and responsiveness to crises.

This support was provided following the 2010 floods in Pakistan, where GPU helped restore energy access to flood-affected communities through solar and other energy efficient technologies.

GLOBAL FUND

Since 2002, UNDP has worked with the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) to procure and deliver time-sensitive, life-saving health products from all over the world. GPU's involvement has ensured the uninterrupted supply of these quality medicines and health products.

THIS WORK HAS TREATED

600,000 cases

of Tuberculosis

provided anti-retroviral medicines for more than

100,000 people

living with HIV

treated

17 million cases

of malaria

GPU has also developed value-for-money approval methodologies, as well as procurement and supply chain management indicators, as part of the UNDP/GFATM partnership.

ELECTORAL PROCUREMENT

The GPU Elections Team provides strategic guidance and operational support in electoral procurement to UNDP Country Offices and Electoral Management Bodies. This contributes to legitimate and democratic processes, especially in developing or post-conflict countries.

Since 2008, GPU has supported more than 25 UNDP Country Offices, procuring more than \$100 million.

GPU assists with procurement of everything from translucent ballot boxes with lids and seals, registration kits and election-day polling kits to voting booths and indelible ink. With existing Long-Term Agreements (LTAs) and freight forwarding services, GPU is able to deliver large quantities of assured-quality electoral goods within four to six weeks from requisition. In Liberia in 2011, GPU worked with the Country Office, Governments and others to procure over 200 police vehicles to help ensure peaceful and orderly elections.

With UNDP support, profitable industries are re-starting in the Minsk region of Belarus.

Total 2011 procurement for Crisis Prevention and Recovery: **\$19.1 million**

Consultation in a regional center for medical diagnosis and treatment in Khovd aimag, Mongolia.

Total 2011 procurement for GFATM: **\$35.1 million**

UNDP provided 450,000 ballot boxes for a transparent election in Pakistan in February 2008.

Total 2011 procurement for Elections: **\$16.1 million**

GLOBAL PROCUREMENT

VALUE FOR MONEY

For the best combination of cost, delivery and quality, PSO looks at: the cost to administer the contract; the lifecycle cost of the product; the quality of the product; and the past performance of the supplier.

This value for money approach requires continuous improvements to procurement policies and systems. Recent advancements in these areas have given UNDP:

One of the highest

Delegation of Authority levels in the UN system

A new Individual Contracts (IC)

policy to shorten the IC procurement process

Electronic approvals for Purchase Orders, saving UNDP

\$1.3 million over 5 years

Procurement Certification Courses

accredited by the Chartered Institute of Purchasing and Supply (CIPS) — the premiere global organisation serving the procurement profession

A Single Layer Review process that

saves up to 6 weeks

on large procurement cases (over US\$100,000)

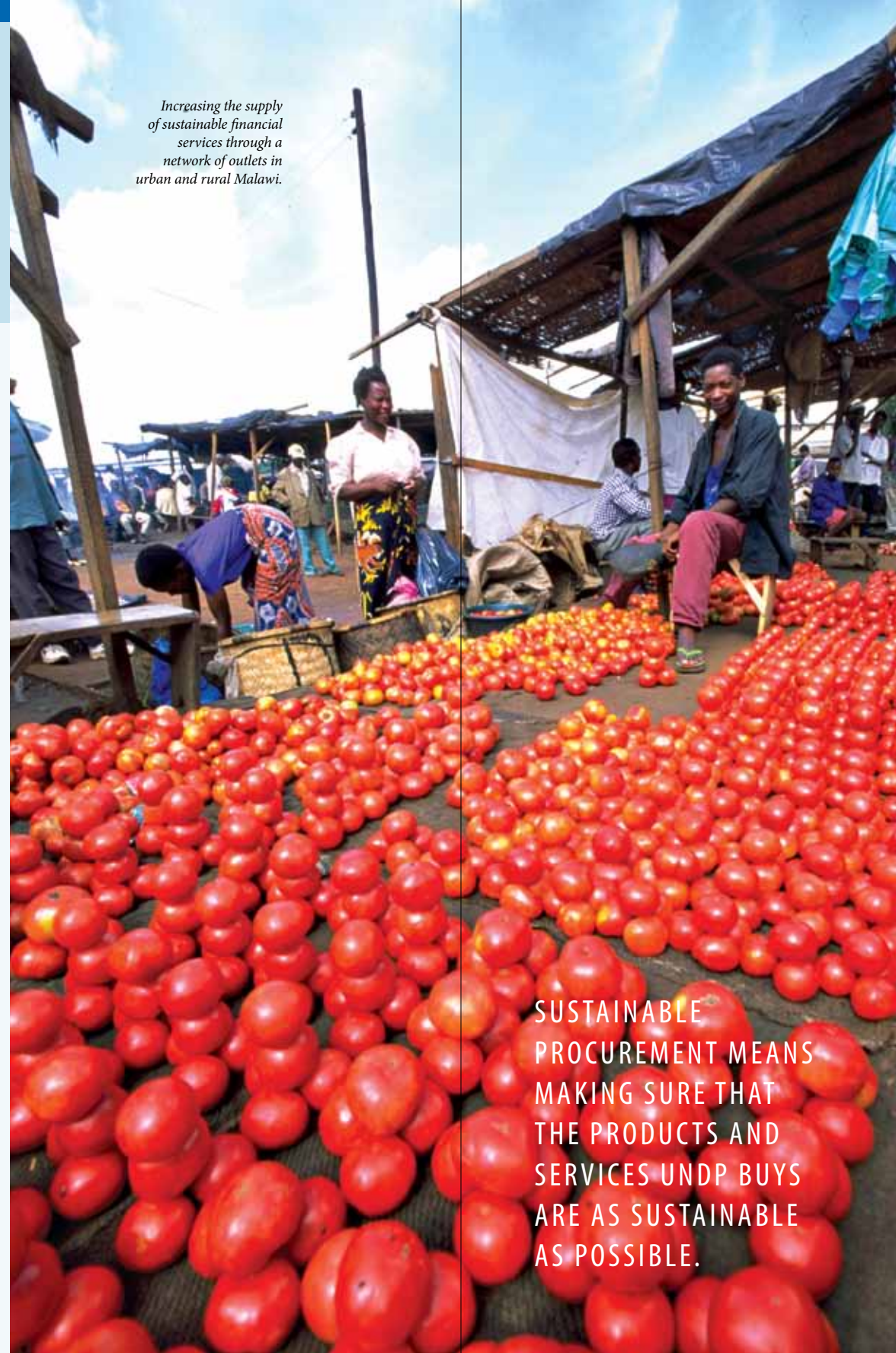
A Vendor Review Committee

to determine when a vendor has been involved in proscribed practices and should no longer do business with UNDP

An increased threshold (\$5,000) and greater flexibility for micro-purchasing, shortening the procurement cycle by an average of

5 days per transaction

Increasing the supply of sustainable financial services through a network of outlets in urban and rural Malawi.



SUSTAINABLE PROCUREMENT MEANS MAKING SURE THAT THE PRODUCTS AND SERVICES UNDP BUYS ARE AS SUSTAINABLE AS POSSIBLE.

SUSTAINABLE PROCUREMENT

While UNDP addresses a number of climate change issues across its thematic focus areas, these problems cannot be tackled without making a shift to more sustainable production and consumption practices.

Sustainable procurement means making sure that the products and services UNDP buys are as sustainable as possible, with the lowest environmental impact and most positive social results. Procurement, therefore, plays a key role in contributing to sustainable development.

PSO will continue to support sustainable procurement by:

Developing **sustainable specifications**

for goods and services

Using **sustainable corporate citizenship**

in awarding contracts

Providing assistance to Country Offices on how to work with governments on **sustainable practices**

Incorporating total cost of ownership into evaluation criteria

Based in New York, the Central Procurement Unit (CPU) in PSO provides a strategic, centralized procurement process to secure high quality submissions with quick turnaround times.

CPU handles transactions involving goods and services amounting to **\$5,000 or above** for Bureau of Management Headquarters (BoM HQ) units, and **\$100,000 or above** for other HQ units or UNDP Country Offices. These are typically high volume and complex procurement.

This work improves UNDP's transparency and operating costs by:

- Standardizing or consolidating recurring requirements through Long-Term Agreements;
- Providing a single interface for suppliers; and
- Enhancing client service based on Service Level Agreements.

The Advisory Committee on Procurement (ACP) ensures that procurement undertaken by UNDP Business Units complies with relevant guidelines, and that procurement risks are properly assessed and mitigated.

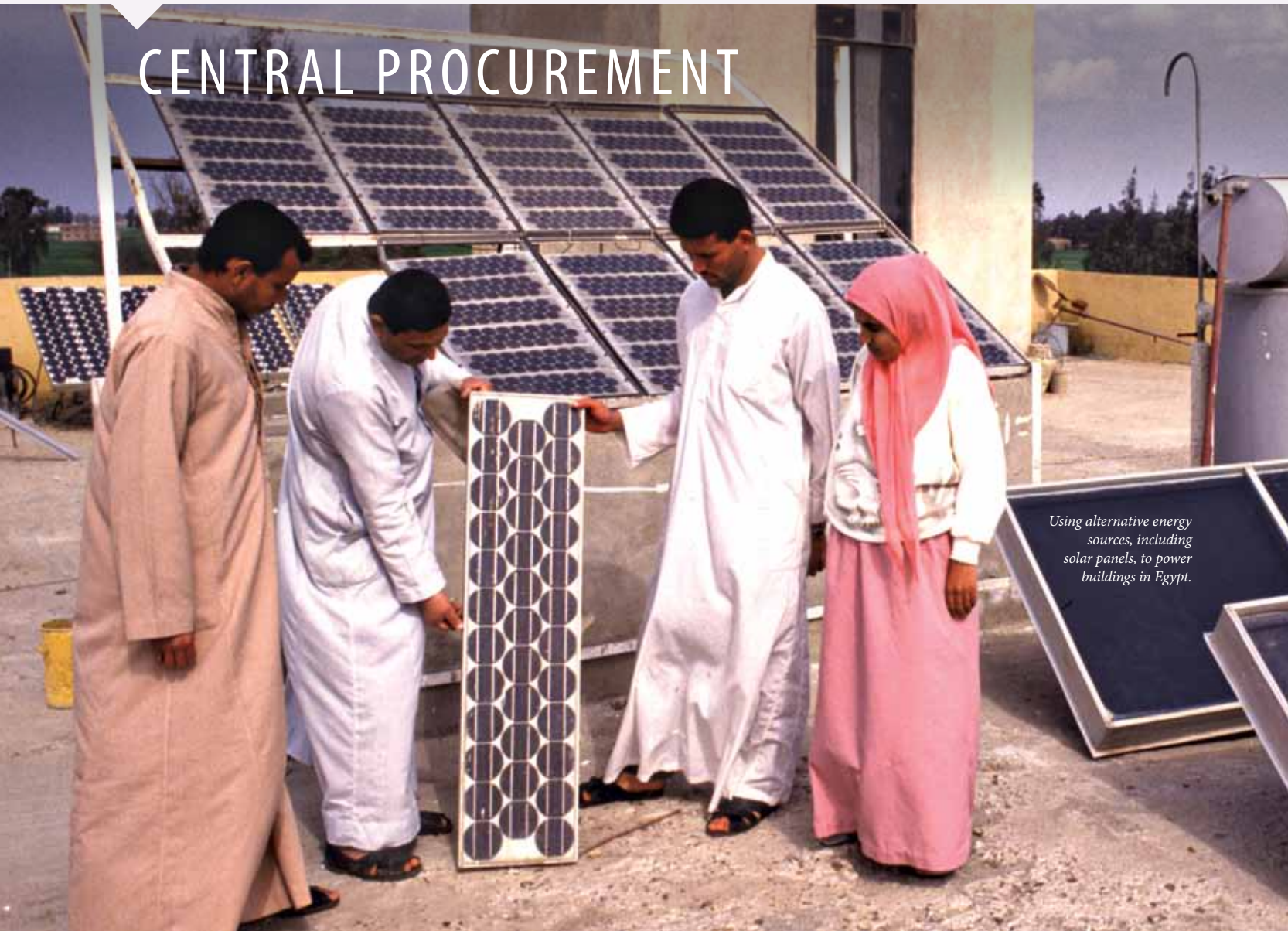
As an independent unit since 2008, ACP provides procurement oversight and advice on specific delegations.

ACP, along with Regional Chief Procurement Officers, reviews up to **1,500 cases** amounting to almost **\$1.6 billion annually** on large procurement cases.

ACP also reviews and implements Audit recommendations, develops a risk profile of high value procurement, and ensures value for money and efficiency.

The primary objective is to share lessons learnt with procurement practitioners, in order to improve the overall quality of submissions and procurement.

CENTRAL PROCUREMENT



Using alternative energy sources, including solar panels, to power buildings in Egypt.

TRANSPARENCY AND OVERSIGHT



Checking a seed-processing machine in San Bartolome Cohuetan, Mexico in 2010. UNDP worked with the Government of Mexico on a programme for procurement development, designed to improve the supply side of small- and medium-sized enterprises across the country.

CREATING A CADRE
OF PROFESSIONAL
PROCUREMENT STAFF
IMPROVES CAPACITY
AND ACCOUNTABILITY

*A family using solar
energy in Mongolia.
A joint UNDP-GEF
programme is bringing
electricity to the
nomadic peoples of
this remote region.*

NOW AND IN
THE FUTURE,
SUSTAINABLE
PROCUREMENT
IS SMART
PROCUREMENT.

PROCUREMENT TRAINING

PSO provides an externally accredited Procurement Certification programme (Level 2-4) in cooperation with the Chartered Institute of Purchasing and Supply (CIPS). This CIPS-accredited training assures compliance with high international quality standards, and offers participants access to a worldwide community of procurement professionals.

All UNDP/CIPS course content is tailored to reflect common UN public procurement rules, policies and procedures. Courses are open to staff from the UN system, inter-governmental organizations, non-governmental organizations, staff from partner governments and international financial institutions.

The programme has fast become a “driving license” for UN procurement staff.

Over 20 UN agencies are using this PSO qualification system, with over **1,500 students trained.**

FIELD SUPPORT AND INNOVATION

As the complexity of procurement at UNDP continues to increase dramatically, PSO is developing new ways to keep pace with changes in volume, risk and delivery. This includes providing field support to Country Offices to strengthen and improve their purchasing practices. Recent innovative models include:

- **A methodology to guide the assessment of a Country Office's procurement capacity** — allows UNDP to better manage risks, and to assess any increase in the Delegation of Procurement Authority.
- **A strategic sourcing initiative** — using spend analysis to streamline the procurement process and deliver best value for money. This underpins

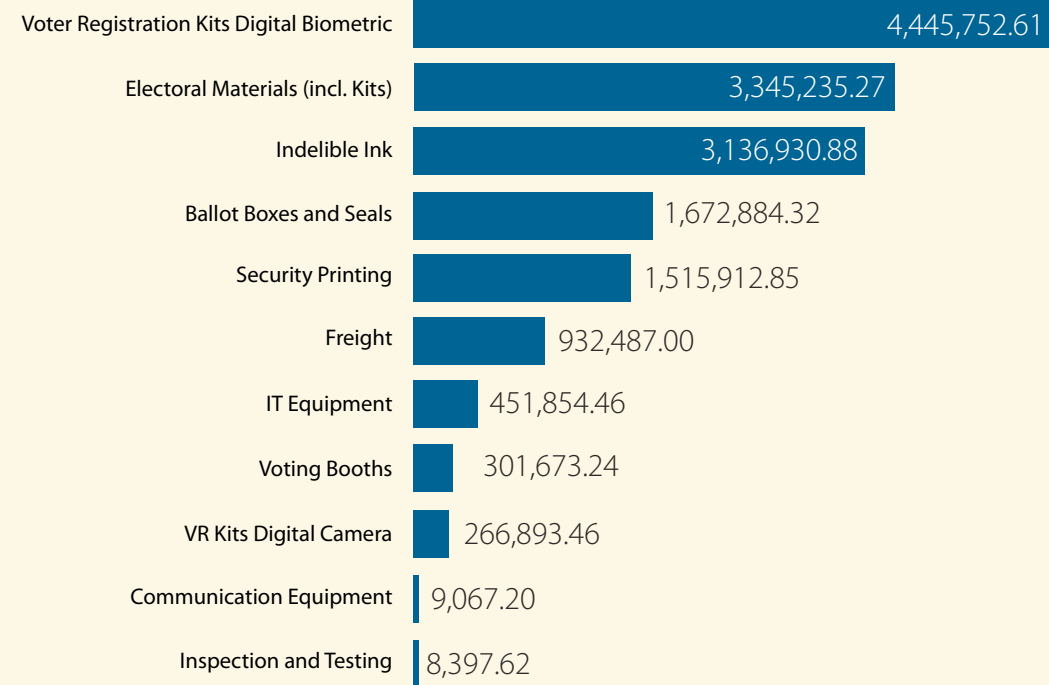
Country Office business model pilots, as part of the Agenda for Organizational Change.

- **New business models** — missions to Country Offices to assess local supplier markets and opportunities for developing procurement supply hubs.
- **Procurement integrity and transparency** — a vendor eligibility policy, vendor protest procedures and a vendor protest tracking system have been launched.
- **Collaboration with other UN organizations** — UNDP's lead role in High Level Committee on Management vehicle procurement, as well as injury and illness benefit insurance for ICs and service contract holders.

With an ongoing focus on sustainable procurement, PSO is also working on developing sector guidance and product rules to reduce the carbon foot-print of pharmaceutical and medical device products. Now and in the future, sustainable procurement is smart procurement.

WHAT WE BUY

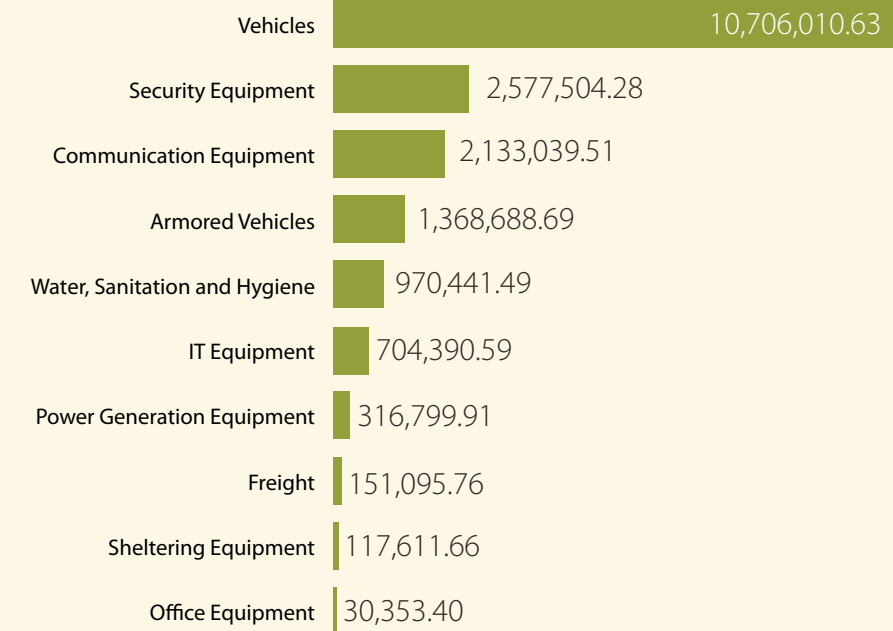
ELECTORAL PROCUREMENT



TOTAL VALUE OF PURCHASE ORDERS IN US\$ 16,087,088.91

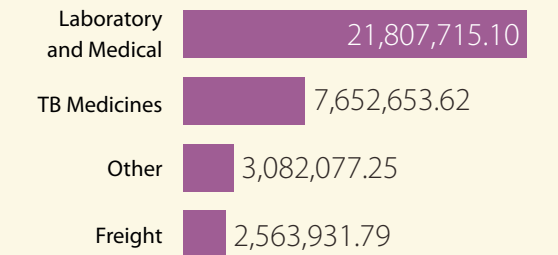
Procurement and effective supply chain management enable UNDP to deliver development results on the ground.

CRISIS PREVENTION AND RECOVERY



TOTAL VALUE OF PURCHASE ORDERS IN US\$ 19,075,935.92

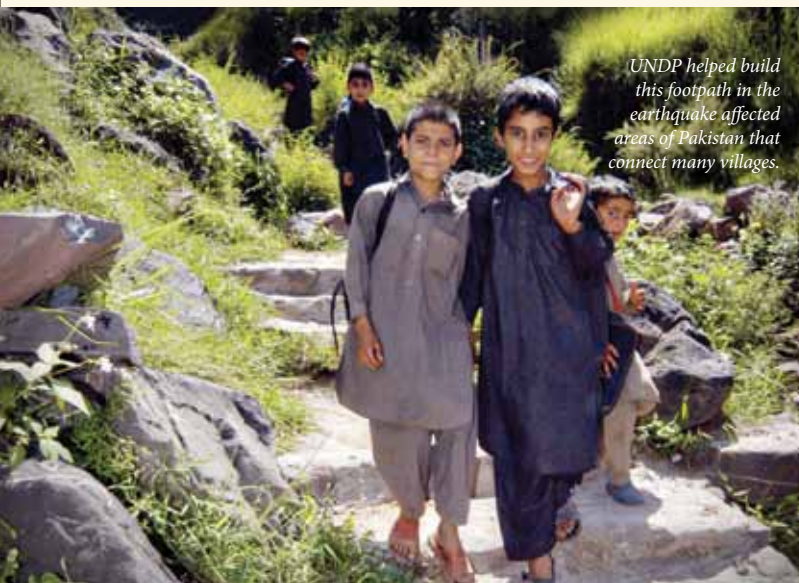
GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA



TOTAL VALUE OF PURCHASE ORDERS IN US\$ 35,106,377.76



UNDP supported 2009 elections in Timor-Leste by providing advisors and training, and working with government partners on civic and voter education.



UNDP helped build this footpath in the earthquake affected areas of Pakistan that connect many villages.



UNDP supports 172 civil society organizations and six national networks of associations, helping to carry out 90 percent of all HIV tests in Burkina Faso.